

FISCAL NOTE

Bill #: SB0357

Title: Allow gambling machines on county fairgrounds during fair

Primary

Sponsor: Spook Stang

Status: As introduced

Sponsor signature	Date	Dave Lewis, Budget Director	Date
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Fiscal Summary

	<u>FY2000 Difference</u>	<u>FY2001 Difference</u>
Expenditures:	\$0	\$0
Revenue:		
General Fund	\$3,248	\$3,248
State Special Revenue	16,500	16,500
Net Impact on General Fund Balance:	\$3,248	\$3,248

<u>Yes</u>	<u>No</u>		<u>Yes</u>	<u>No</u>	
	x	Significant Local Gov. Impact	x		Technical Concerns
	x	Included in the Executive Budget		x	Significant Long-Term Impacts

Fiscal Analysis

ASSUMPTIONS:

1. Machines will be offered at fairs only when fairs and machine lessors can make a profit. There are approximately 39 fairs in Montana every year that run from three to eight days. The DOJ Gambling Division estimates that 9 of the 39 would profit from the operation of machines after deduction for taxes and permit fees. The Gambling Division estimates the profit from income to be shared between machine providers and fairs would range from \$312 to \$5,700.
2. The income earned from the machines will equal that of each jurisdiction's average for FY 1998. Total estimated revenue is \$9,743/year for tax collected (1/3 to state general fund and 2/3 to local governments). Machine permit fee revenue is \$33,000 a year (50/50 to gambling state special revenue fund and local governments).

(continued)

3. Where profitable, the fairs will place the maximum number of 20 machines in play.
4. Existing fairs will not extend the number of days they currently operate as a result of passage of this bill.
5. New fairs will not be established as a result of passage of this bill.

Revenues:

General Fund (01)	\$3,248	\$3,248
State Special Revenue (02)	16,500	16,500

Net Impact to Fund Balance (Revenue minus Expenditure):

General Fund (01)	\$3,248	\$3,248
State Special Revenue (02)	16,500	16,500

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

Local governments representing the jurisdictions in which the machines are placed will receive 2/3 of the tax collected or \$6,495 each year and 1/2 the machine permit fees or \$16,500 each year.

LONG-RANGE IMPACTS:

Passage of this bill will mean an increase in machine play and availability. Currently, machines are not allowed to operate at county fairs.

TECHNICAL NOTES:

The bill as introduced suggests that a local machine permit-holder or a licensed distributor could lease machines to the fair. There is no definition of permit-holder in the bill and no other provisions have been made in the bill to allow for a "permit-holder" or distributor to lease machines to the fair. Current law allows only a route operator to lease machines to locations. The bill as introduced makes no exception to the route operator requirement.